

LINDA LINGLE
GOVERNOR



CARLITO P. CALIBOSO
CHAIRMAN

JOHN E. COLE
COMMISSIONER

LESLIE H. KONDO
COMMISSIONER

STATE OF HAWAII
PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
465 S. KING STREET, #103
HONOLULU, HAWAII 96813

Telephone: (808) 586-2020
Facsimile: (808) 586-2066

e-mail: Hawaii.PUC@hawaii.gov

July 2, 2008

Council Chair G. Riki Hokama
Maui County Council
200 South High Street, Room 703
Wailuku, Hawaii 96793

Re: Docket No. 2008-0115 – In Re. Molokai Public Utilities, Inc., Wai'ola O Moloka'i, Inc., and MOSCO, Inc. for Temporary Rate Relief

Dear Chair Hokama:

On June 16, 2008, the State of Hawaii Public Utilities Commission ("Commission") initiated the above-referenced proceeding to consider providing temporary rate relief to Molokai Public Utilities, Inc., Wai'ola O Moloka'i, Inc., and MOSCO, Inc. (collectively, "Utilities") in order to ensure the continued operations of the Utilities until a third party is able to take over the Utilities' systems. In connection with this proceeding, the Commission has scheduled a public hearing for Tuesday, July 15, 2008, at 10:00 a.m. at Maunaloa Elementary School, 128 Maunaloa Road, Maunaloa, Molokai, Hawaii. A copy of the Notice of Public Hearing is enclosed for your information. The Commission encourages members of the Maui County Council to attend.

If you have any questions, please do not hesitate to contact Kaiulani Kidani Shinsato, Commission Counsel, at 586-2019.

Sincerely,

A handwritten signature in black ink, appearing to read "Carlito P. Caliboso".

Carlito P. Caliboso
Chairman

CPC:KKS:ps

Enclosure

- c: Council Vice-Chair Danny A. Mateo (w/ enclosure)
Councilmember Michelle Anderson (w/ enclosure)
Councilmember Gladys Coelho Baisa (w/ enclosure)
Councilmember Jo Anne Johnson (w/ enclosure)
Councilmember Bill Kauakea Medeiros (w/ enclosure)
Councilmember Michael J. Molina (w/ enclosure)
Councilmember Joseph Pontanilla (w/ enclosure)
Councilmember Michael P. Victorino (w/ enclosure)
Consumer Advocate (w/out enclosure)
P.A. Nicholas (w/out enclosure)
Brian T. Moto, Esq./Jane E. Lovell, Esq. (w/out enclosure)

NOTICE OF PUBLIC HEARING

IN THE MATTER OF MOLOKAI PUBLIC UTILITIES, INC. ("MPU"), WAI'OLA O MOLOKA'I, INC. ("WAI'OLA"), AND MOSCO, INC. ("MOSCO") FOR TEMPORARY RATE RELIEF

DOCKET NO. 2008-0115

The PUBLIC UTILITIES COMMISSION of the STATE OF HAWAII ("Commission"), pursuant to Hawaii Revised Statutes §§ 269-16 and 269-12, HEREBY GIVES NOTICE that it will hold a public hearing on **Tuesday, July 15, 2008, at 10:00 a.m. at Maunaloa Elementary School, 128 Maunaloa Road, Maunaloa, Molokai, Hawaii**, relating to the Commission's proposed temporary rate increases for MPU and Wai'ola, in order to ensure the continued operations of MPU, Wai'ola, and Mosco (collectively, "Utilities") until a third party is able to take over the Utilities' systems.

On June 16, 2008, after being informed by the Utilities and Molokai Properties Limited, dba Molokai Ranch ("MPL") that the Utilities' services would be terminated by the end of August 2008 if the County of Maui ("County") or a third party did not take over the Utilities' operations, the Commission opened this proceeding to provide any required temporary rate relief to the Utilities, via a temporary surcharge, to ensure continued water and wastewater services while a third party is found to take over the Utilities' systems. To address financial issues raised by the Utilities as the basis for their inability to continue operations, the Commission proposed the following temporary rate increases for MPU and Wai'ola: (1) for MPU, an increase in revenues of \$297,965, which is 40.95% more than its 2007 reported water revenues of \$727,458; and (2) for

Wai'ola, an increase in revenues of \$163,839, which is 121.50% more than its 2007 reported water revenues of \$134,813. Because the Commission found that Mosco is still financially viable and operating at a profit, it proposed a 0.00% increase over present rates for Mosco.

The proposed temporary rate relief is designed solely to make MPU and Wai'ola whole (i.e., so that their operating revenues will cover, or equal, their operating expenses), such that they can continue to provide service on an interim basis. Moreover, the proposed rate relief is designed to be temporary. Thus, the temporary rate increases approved in this proceeding will be effective for a period of six (6) months from the date of an order by the Commission approving the increases; unless otherwise ordered by the Commission.

The Commission named as parties to this proceeding: MPU, Wai'ola, Mosco, MPL, the County of Maui, and the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"), who is statutorily mandated to represent, protect, and advance the interests of all consumers of utility service, and is an ex officio party to any proceeding before the Commission. The Commission permitted the Parties to comment on the Commission's proposed temporary rate increases. As such, the temporary rate increases to be finally approved by the Commission may be higher or lower than the proposed temporary increases noted above.

All interested persons are invited to attend the public hearing to state their views orally, in writing, or both. Written statements may be submitted prior to, after, or at

the public hearing. Statements may be mailed to the Public Utilities Commission, 465 South King Street, Room 103, Honolulu, Hawaii, 96813. Statements may also be sent by electronic mail to the Commission's e-mail address at Hawaii.PUC@hawaii.gov. All written statements should reference Docket No. 2008-0115 and include the following information: (1) name of the person submitting the written statement; (2) organization the person submitting the written statement represents (if any); and (3) address of the person submitting the written statement.

A copy of the Commission's order opening this docket will be posted on the Commission's website at www.hawaii.gov/budget/puc. In addition, hard copies of the order will be available for public inspection during regular business hours at the following locations:

Public Utilities Commission

465 South King Street, Room 103
Honolulu, HI 96813
Phone: (808) 586-2020

State Office Building No. 1
54 South High Street, Room 218
Wailuku, HI 96793
Phone: (808) 984-8182

Division of Consumer Advocacy

King Kalakaua Building
335 Merchant Street, Room 326
Honolulu, HI 96813
Phone: (808) 586-2800

Special arrangements to accommodate persons with disabilities can be made if requested reasonably in advance of the public hearing by contacting the Commission's Honolulu Office.



Carlito P. Caliboso
Chairman

Honolulu Star-Bulletin
The Maui News
The Garden Island
Hawaii Tribune-Herald
West Hawaii Today
June 24, 30, July 7 and 14, 2008

The Molokai Times
June 25, July 2 and 9, 2008

Molokai Dispatch
June 26, July 3 and 10, 2008